



OFFICE OF THE CITY CLERK

KAREEMAH FOWLER, CITY CLERK

PERSONNEL & FINANCE

AUGUST 17, 2016 5:05 P.M.

Committee Members Present: Karen White, John Voorde & Regina Williams-Preston (late)

Committee Members Absent: Gavin Ferlic

Other Council Present: Tim Scott & Jo M. Broden

Councilmembers Absent: Oliver Davis, Randy Kelly, Dr. David Varner

Others Present: Kareemah Fowlers, Alkeyna Aldridge, Kathleen Farrand, Adriana Rodriguez

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Agenda: Budget Hearing Session #2: Mayor's Office, Legal & Dept. of Public Works

Committee Chair White called the Personnel and Finance Committee to order. She noted the Committee did not reach a quorum, but that Councilmember Williams-Preston did alert the Office of the City Clerk that she would be arriving late. The session marked the second meeting in a series of Budget Overview discussions. The first of which was held on Monday, August 15th and reviewed budget proposals of the Department of Finance & Administration, as well as, Innovation and Technology. Today's proposals, Committee Chair White explained, will be presented by the Mayor's Office, Legal Department and Department of Public Works.

Committee Chair White asked City Controller John Murphy if it would be possible to receive budget packet information beforehand, giving the Committee ample time to review materials before the actual budget session. She also expressed the need to build in time for additional questions before each budget hearing, giving Councilmembers ample time to review and address concerns of earlier presentations while giving the respective departments ample time to respond.

Committee Chair White said she would collaborate with City Controller John Murphy to facilitate an updated schedule. She proceeded to explain that Public Works is a large department and a follow-up presentation has always been necessary in the past.

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ORDINANCE VIOLATION CLERK

Committee Chair White introduced James Mueller, Mayor's Chief of Staff, to begin the Mayor's Office budget presentation. She encouraged Councilmembers to make notes but to hold their questions until the end in the interest of time.

James Mueller, Chief of Staff to the Mayor- 14th Floor County-City Building, first shared the Administration's Core Values and Mission Statement which is: "We Deliver Services that Enable Everyone to Thrive." Mr. Mueller gave an overview of the General Plus Fund revealing that the Mayor, Council and Clerk only compose two percent (2%) of the entire fund. Most institutions would be proud of that lean level of expenditures being dedicated to leadership; there are few examples in which you'd find under ten percent (10%) of expenditures dedicated to general administration and leadership.

Mr. Mueller went on to discuss the general organizational structure and staffing of the office. The overall budget increased by \$124,000 from 2015 mainly due to healthcare, wage/fringe benefits increases, and allocations for administrative services and IT. The Mayor (pending the Deputy Mayor position), Communications Director and Chief of Staff will not have wage increases this year. Mr. Mueller went on to discuss a general overview of the proposed funds for 2016 with the Salaries account followed by the Printing & Advertising account composing the largest share of all funds.

There were many achievements to note for 2016, but the Office of the Mayor is particularly proud of the Mayor's Youth Taskforce, Diversity and Inclusion Plan, and the new City Flag. The Mayor's Youth Taskforce is being led by Cherri Peate and has garnered large support from South Bend Community Schools and the media. The taskforce is currently accepting applications for the next cohort of students.

In the next few months, the Office of the Mayor has the following goals: get the Municipal ID program off the ground through a collaboration with La Casa, hire a new Director of Community Investment to replace Scott Ford, and to launch the My Brother's Keeper Initiative. The Initiative is a White House program aimed at supporting African-American males' success. The Office of the Mayor also hopes to tackle some challenges, including, staying ahead of the fiscal cliff, continuing work on the Group Violence Initiative, funding as it relates to infrastructure, and looking at inclusive growth across the community, with a potential partnership with the new School Superintendent.

Councilmember Scott asked Mr. Mueller to elaborate on the Municipal ID program and the La Casa collaboration.

Mr. Mueller expressed that due to APRA laws it's necessary for the La Casa to administer the program in order to protect the information of individuals.

Councilmember Scott wondered if other governmental entities (e.g. Mishawaka or the County) would be obligated to accept the ID as valid if not administered by a governmental agency.

Mr. Mueller acknowledged the barrier and suggested other entities would not be obligated to accept the ID even if the City administered the program. It is a matter of working with these other entities, he argued.

Councilmember Jo M. Broden asked what the backup plan is in regard to the Charles Martin Recreational Center master plan.

Mr. Mueller expressed that the Administration is optimistic and has expedited testing around the center. So far, the preliminary testing results do not show any contamination and once further testing is completed construction on the plan will move forward. Plan B would involve spending the bond elsewhere and looking for other funding sources for Charles Black improvements.

Councilmember Broden followed up by asking a question regarding the Common Council/DCI partnership alluded to in the presentation slideshow.

Mr. Mueller responded that point is in regard to infrastructure funding, especially, sidewalks and roads. The other part relates to community engagement and making sure the neighborhoods are engaged in the process.

Councilmember Broden asked a question about the Mayor's plan to collaborate with City schools.

Mr. Mueller said the Mayor is interested in exploring an idea that some cities have done which includes exploring a school compact, which formalizes an MOU of how the City will partner with the City of South Bend.

Councilmember Broden also wondered about how the Administration intends to address early childhood education.

Mr. Mueller shared that Mayor Pete is a big proponent of early childhood education and that every four (4) year old costs \$15-20 million per year. Currently, the Administration does not have a source of funding if not the State or existing funding, but there's been some movement at the state level in regard to Early Childhood education. The Mayor's Office will continue to advocate in the area and welcomes Council's voice in advocating down state.

Councilmember Scott asked about the Administration's plan in regard to strategic purchasing.

Mr. Mueller responded that the City is scattered in regard to its purchasing. The plan intends to focus spending on the cheapest vendors and retrieve potential saving in that regard. It also intends to better track purchasing and relates to the Diversity and Inclusion Plan.

Councilmember Scott asked if we currently have a metric for the diversity dollars spent within the City.

Mr. Mueller responded that we do track that metric; although, he does not have it off hand- it is not good.

Committee Chair White transitioned to the Legal Department's presentation with Corporation Counsel Cristal Brisco.

Corporation Counsel Cristal Brisco thanked Council for the opportunity to present the budget for their consideration and hopeful approval. She began by sharing the Four (4) Values of the Department: Integrity, Competency, Professionalism and Civility. She believes the values align with the Mayor's vision and Core Values of the City.

In regard to budget highlights, Corporation Counsel Brisco shared that the biggest item is the request that the salary caps for Legal Department be increased. The recruitment and retention of top talent has been a constant struggle for the department. One of the best ways to attract talent is fostering and supporting a healthy environment for employees but also paying them an appropriate market rate. We cannot compete with private sector rates, but the hope is that we can compensate employees at a comparable public and nonprofit rate.

The proposed increase is an effort to attract and retain the talent we have currently, argued Corporation Counsel Brisco. The achievements of the Legal Department is due to the talent of the department employees.

She went on to explain that legal research is a large component of their work; thus, the resources necessary to complete thorough research is important. The department cancelled the costly paper subscriptions to WestLaw, but transitioned to the online services. The department saved \$3675 in 2016 and \$4600 for a combined savings of \$8275. The current research capacity of the department rivals large law firm access. The department added \$4000 to the Education/Training budget for all City Attorneys to be able to attend municipal law trainings. This increase also resulted in an increase to travel expenses in the department by about \$1000. This is limited to in-state travel, but is helpful to send all attorneys to municipal trainings. Corporation Counsel Brisco also negotiated the MBI All-Access Pass which grants the department continued access to online webinars, in addition to live presentations. Lastly, another highlight shared by Corporation Counsel Brisco included a large increase in the department's budget for its IT allocation- a new line item.

Corporation Counsel Brisco applauded the priority-based budgeting process for giving her the opportunity as a team leader to see exactly how staff spends their time. It allowed her to be more strategic regarding fund allocation. For instance, her staff attorney that handles claims spends fifty percent (50%) of his time handling claims led to the recommendation that fifty percent (50%) of his salary be paid from 5226. She went on to highlight that fund 5226 has decreased since 2006 given the efforts of the proactive

Claims Investigation team and interdepartmental collaboration. The Collections fund has also seen an increase year after year. Corporation Counsel Brisco reiterated the importance of this function of the Legal Department in holding people accountable to the tax payers of South Bend regarding their debts owed to the City.

Corporation Counsel Brisco was excited to report on the successes of the Subrogation Office. The staff member responsible for this function recovered his full salary within three weeks. The Office makes it possible for the City to pursue third party at-fault insurers in regard to accidents regarding City equipment or staff.

Legal Department accomplishments include the following highlights: the Pokagon Agreement, Smart Street negotiations, Police Department Duty Manual, Economic Development projects, APRA requests process and collections.

Legal Department goals include interdepartmental transparency to facilitate Legal Department efficiency in regard to APRA requests. Secondly, to provide one (1) in-person training to all departments' entire staff for APRA requests, ethics code and Open-Door Law. In the past, all training was reserved for administrators but Corporation Counsel Brisco would like to extend it to all departments' staffers. The Legal Department would like to complete the Duty Manual for the Fire Department, the Volunteer Handbook for Animal Care and Control, policies regarding diversity and inclusion, and develop SOPs for taxi cab licensing. The department also needs to renegotiate the CSO Consent Decree.

Corporation Counsel Brisco wrapped up her presentation and Committee Chair White turned the discussion to Committee for questions.

Councilmember Broden asked Corporation Counsel Brisco to address the issue of staff turnover.

Corporation Counsel Brisco mentioned that her talented staff is constantly at risk for being recruited by the private sector at the lure of more money, fortunately, all are passionate about their work with the City. But, it is important that the Council consider what it takes to be competitive within the field and to retain and attract staff.

Councilmember Broden asked why staff members left in 2015 and 2016.

Corporation Counsel Brisco responded that one (1) was appointed to a judgeship while all others left because of more money.

Councilmember Broden asked to be informed more about the collections graph depicted in the presentation packet. Specifically, she said, what are we attempting to collect from people?

Corporation Counsel Brisco responded that information would be helpful to Council and that some of that information is unavailable due to the statute of limitations.

Councilmember Broden applauded the efforts of the Department to improve efficiency in regard to APRA requests. She also wanted more information regarding the specifics of what requests are received and sent.

Corporation Counsel Brisco responded that many requests are police reports, plans and contracts. Contracts are beginning to be made public online through Public Works.

Councilmember Broden also inquired about how the department tracks their legal billable hours and how many hours were being dedicated to APRA?

Corporation Counsel Brisco confirmed that there was information revealed through priority-based budgeting, and mentioned that APRA was identified by every department as time spent. So, it's impacting every department.

Councilmember Scott followed up with suggestions regarding more open data and website design to promote easy access to public documents. He commended the department for their work in enforcing Council ordinances.

Councilmember Broden asked where she might find information regarding how much legal work is outsourced.

Corporation Counsel Brisco responded that anything that is not small claims is currently being outsourced. The decision was strategic based off the fact that it's super difficult for her staff to do the job of litigations, claims and in-house attorney. She's negotiated with various firms to accomplish this goal. Litigation is capped at a specific amount.

Councilmember Broden followed up with asking how salary ranges were decided upon.

Corporation Counsel Brisco responded that the amounts are based off IACT, and a compilation of similar size cities and nonprofit salaries.

Committee Chair White asked Corporation Counsel Brisco to clarify a point from page eighteen (18), wondering why the 2017 proposed budget is less than the prior year despite the proposed salary increases.

Corporation Counsel Brisco responded that the budget is less given fifty percent (50%) transfer of one (1) staffer's salary who is now paid from a different fund.

Committee Chair White also asked if the budget included the anticipated the eight percent (8%) healthcare increases.

Corporation Counsel Brisco responded, yes.

Councilmember Scott asked where the line item regarding outside legal services is.

Corporation Counsel Brisco responded those services do not come out of the Legal Department's budget, but rather out of the respective department's budget under "Professional Services" line item.

Committee Chair White transitioned to Public Works' presentation stating that Council hasn't had much time to review the individual department presentations and prepare questions. She mentioned there might be a necessity to schedule another Public Works meeting to follow up with questions.

Mr. Eric Horvath, Director of Public Works, thanked Corporation Counsel Cristal Brisco and applauded the work of City Legal stating their services are a huge savings to the City. He then introduced his administrative staff and their function to the Public Work's mission.

The mission of Public Works, he went on, is developing sustainable assets and infrastructure, and enhancing the quality of life. Mr. Horvath generally discussed the organizational structure of Public Works and the various funds that finance the department. He displayed a graph detailing staffing levels and showing a decrease over the past few years. Recently, staffing levels have leveled out. The department will soon be in labor negotiations for the bargaining staff within the department, therefore, their salary increases have not been adjusted for in the budget proposal since negotiations have not started yet.

The Utilities Division represents the largest division of the department and is split between WaterWorks and Wastewater. Mr. Horvath transitioned to discussing the Sustainability Division aims to design and implement programs that meet the triple bottom line: a social, environmental and a long-term view on economics. Most projects within this division focus on alternative energy and community outreach efforts. Goals of the department include continuing waste reduction projects, and energy savings and conservation projects. The division tracks the energy costs of the City. Eric mentioned that all electricity and natural gas for all City departments are built into the Sustainability \$4 million budget. So, most of the budget expenses are between those two (2) line items. The Sustainability Division is committed to reducing that number. The Sustainability Division also manages the recycling pick-up for all City-owned facilities. Another big sustainability project for the year was the Solar Energy project at the Century Center. The department intends to extend alternative energy projects like these.

The Public Works department has projected a three percent (3%) increase in natural gas costs, and has considered a rate increase on the electricity side. Mr. Horvath went on to discuss declining facilities and the need for upfront capital to consider upgrades and maintenance (e.g. HVAC systems) to facilities like the Century Center among others. Mr. Horvath transitioned to the Sewers Division highlighting accomplishments in de-icing, snow-plowing, alley grading, street sweeping and repairs, and lastly the storm debris removal. Mr. Horvath applauded his staff's response along with the cooperation of other City departments to the recent historic flood.

The Traffic and Lighting Division has been working on transitioning to more efficient LED lights, and have replaced a significant number of street signs. The department is requesting an additional staff member for Traffic and Lighting.

The revenue and expense budgets are down overall, but the expenses are approximately \$1 million more than the revenue and the department anticipates spending down its fund balance. The largest expenses of the department are the personnel costs and supplies/services. Mr. Horvath highlights that the department should meet all of its 2016 targets despite being set back by the storms and flood. The department has changed the title of one (1) staffer to Asset Manager who will track capital maintenance and development and will guide the capital improvement priorities of the department in the future.

The Engineering Division manages the City's infrastructure and reviews all construction projects coming through the City. We currently have over one-hundred and fifty (150) individual projects going at any one (1) time. One particular project is Chet Wagoner Drive. It was designed by our new staff engineer and is one (1) of the first in-house designs which the department hopes to do more of in the future. The in-house design saved approximately \$100,000. The Jasinski Overpass project is another highlight of the Engineering Division, an inter-governmental collaboration which will be completed in 2017 among others. Another roundabout is being considered at the intersection of Corby and Ironwood; although, alternative options will be considered. The potential roundabout will be covered by federal aid in the amount of approximately \$4 million. .

Mr. Horvath also talked about the Coal Line Trail system for 2018 construction, and the Safe Routes to School funds which focuses on reconstructing sidewalks near primary schools. Lincoln, Perley, LaSalle, Marquette, Monroe, and Studebaker are the current schools that are funded and scheduled throughout the 2017 & 2018 summer construction season. Engineering is a component of the General Fund and the expenses are similar to last year despite a couple funding increases.

The Streets Division is asking for \$450,000 for street repaving, and professional services totaling a little over \$1 million, and is adding brick road maintenance to the budget. The Division also includes street maintenance to preserve the longevity of roads to save money in the future. The budget for traffic calming devices and special street markings have increased. A budget of \$50,000 has also been budgeted for small draining issues. Sidewalks are being added through a cost-share program on S.R. 23 and Edison to accommodate the pedestrian traffic.

Mr. Horvath described the various funds which priorities are budgeted from.

Committeemember Voorde asked a question of the Boland Trail project.

Mr. Horvath said the trail is a part of a long-term plan for multi-modal transportation and to create a greater connectivity to Portage.

Committeemember Voorde asked if the material used on Olive from Tucker to S.R. 23 is concrete or asphalt.

Mr. Horvath's staff responded it's a mix of concrete and asphalt.

Committee Chair White asked if Public Works could return on August 29th to address Council questions and concerns.

Mr. Horvath said they were coming back on August 22nd for a Smart Streets discussion during Council Committee and maybe it'd be possible to add questions during that time.

Committee Chair White responded that the Council doesn't schedule additional meetings to the regular meeting schedule since they are already lengthy.

Mr. Horvath continued on to discuss the Utilities Division inclusive of Waterworks and Wastewater. Some accomplishments include: improvements to aging water mains, fire hydrant installations, and additional infrastructure improvements. On the drinking water side, the City has an aquifer and water quality, but we have a problem with deferred maintenance on the utility side. As a result, the department is requesting a significant water rate increase. The billing office is responsible for solid waste billing, sewage and water, so \$55 million in revenue is billed through the billing office.

A couple projects the division is responsible for is pipe installation at Chet Wagoner and Ignition Park. Fund (620) has gone up on the revenue side and expenses have decreased slightly but is relatively consistent with 2016. The revenue side increase reflects a forty-five percent (45%) rate increase for a July 1, 2017 start. The current average water user pays \$8-\$11 per month. The problem is that what is considered in the water bill reflects Sewer charges and Project Releaf among other charges, but users should only expect to pay approximately \$16 per month on average in water fees.

Committee Chair White asked if Public Works is asking for the entire increase at once.

Mr. Horvath explained that Public Works has to go through the IRUC for every proposed increase, so they'll incur costs and legal fees to get through the process. They're opting to request the increase once as opposed to several times to avoid incurring costly fees several times. Mr. Horvath cites declining fund balances, and aging facilities and infrastructure as the main reasons for requesting the increase. He argued, we won't be able to defer the maintenance on these priorities any further. He welcomes the Council to schedule tours of the facilities and infrastructure to note the current condition.

There's a separate Depreciation Fund in Waterworks which is a capital fund where he's budgeting a couple million dollars. The fund was underfunded in the past which has led to the current condition of our facilities and infrastructure.

The total expenses include a \$999,200 capital fund among other high ticket items. Mr. Horvath expressed that one of our well fields (Erskine) is underutilized and other ones are

down because it has nitrates in it. The department would like to decommission the South Well Field but is not comfortable doing so without adding some piping to maintain the water pressure. This project is also included as a part of that capital expense fund.

In regard to the forty-five percent (45%) water rate increase, Mr. Horvath assured the Council that various meetings would occur with stakeholders and the Council to determine what those prices would need to be in order to improve the Capital Fund to meet the before mentioned capital needs.

Since the last rate increase, the Waterworks Department has reduced staff by sixteen (16) positions and found ways to do more with less. Increases in administrative fees have strained the department and are \$1 million more than they were in 2006. Deferred maintenance continues and will become a significant issue in the future if not addressed. Our pumping capacity was about 70 million gallons of water a day, now that's at 40 million because we have pumps and wells that we cannot run because they're dead. Peak demand is about 26 million gallons a day, so we are still meeting our peaks but it can become a future issue if we don't maintain equipment and assets. Pumpage has gone down because we see a lot more people and businesses conserving water than used to. We have money to replace equipment at Olive which is coming out of the Lost Recovery Fund which a special fund set up for that purpose.

We have \$960,000 budgeted for meter replacement. Meters have a useful lifespan of two (2) years, and we're losing a lot of revenue to replace meters that freeze up or malfunction, so we're budgeting for a Meter Replacement Program. The department is also looking into updating software which causes problems in the billing office. The Wastewater and Organic Resources facility processes 48 million gallons per day with a peak 70 million gallons, and processes over 11 billion gallons of wastewater per year. Fifty percent (50%) of our sewer system is a CSO system.

We also renovated an old 1956 digester and fitted it with a moving cover roof that collects natural gas which will power boilers, but will also be used for our CNG fleet. We have four (4) digesters and we've only renovated one (1). We're currently operating with one (1) digester and a back-up. Primary clarifiers were also built in 1956 and need updating and automation in order to be controlled remotely.

On the wastewater side, we have 39 million in expenses which has gone up from 37.5 million in 2016. The increase is mainly attributed to pay in lieu of taxes, and debt service payments from the debt we've taken on from sewer bonds. The full wastewater budget has an increase in revenue because the Ethanol Plant is producing more waste than originally projected. The requested amount is 32 million for wastewater which asks for 4 million in capital to continue the clarifier project, and work on wastewater stations. The department also intends to start a check valve program which is a cost-share program for people who have back-ups in basements from combined sewers. The department is also working hard to implement a long-term program to save on the cost-share. The only way to eliminate the problem is to completely separate the CSO system which is a billion dollar program. Since the City can't afford a billion dollars, we went forward with the

consent decree to look at some other options which have been put on hold since it would raise the rates to a degree that we're not comfortable with. In lieu of doing a billion dollar program, this program will hopefully help residents mitigate the problem.

The downspout disconnection program is another thing that we've worked with the Council on; unfortunately, we haven't gotten a lot of people taking advantage of it. We've done a press event and the students are getting back to school and will continue to try to help us get the word out. We hope Council will continue to spread the word too. Residents will have to do it themselves after 2017. Getting the Plastic Out has been a great program for our Kompost. We've sold about fifty percent (50%) more than the prior year because people now see it as a useable product.

Committee Chair White spoke up to suggest finishing the Public Works presentation on August 29th. The break would give Council some time digest the lengthy presentation and develop questions for Mr. Horvath, she suggested. She asked City Controller John Murphy to amend the schedule appropriately.

Councilmember Tim Scott suggests they give the questions to Eric before he returns.

Committee Chair White agreed and asked Council to review their questions from all budget proceedings so that the Clerk can send them to the respective departments. She reiterated that the Council has reviewed a lot of information and it's important to have time to digest it. She asked Mr. Horvath if he anticipated anymore fee increases.

Mr. Horvath said they'll also be revisiting the sewer fees but not until 2018.

Councilmember Broden asked which department is up next.

Committee Chair White answered the Fire Department is presenting next.

Councilmember Broden asked to be sent presentations at least three days prior to the scheduled presentation and she thanked Mr. Horvath for his presentation and day-to-day work.

Committee Chair White agreed to contact Councilmembers that weren't in attendance to address the importance of attending all budget sessions because it's hard to catch up once you've missed several presentations.

With no further business, she adjourned the meeting at 7:06 p.m.

Respectfully Submitted,

Karen White, Chairperson

DRAFT